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# Economic Research Service

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

## Associate Administrator Named

B.H. (Bob) Robinson has been selected to be the ERS Associate Administrator, pending final approval by the Office of Personnel Management.

Robinson received a B.S. degree from Berea College, an M.S. from North Carolina State University, and a Ph.D. from Clemson University in 1968. He began his professional career with ERS as a research economist in 1965. He held the ERS positions of research group leader, assistant field research coordinator, and leader of the Aggregate Production Analysis Team.

In 1972, Robinson joined the faculty of the Department of Agricultural Economics and Rural Sociology at Clemson University, where he coordinated extension programs and continued his research in agricultural policy. He also developed a public policy education program and served on several regional and national committees. He served as a member of a study team that visited Pacific Rim countries in 1977 to examine their agricultural policies and their impacts on U.S. agricultural trade.

In 1982, Robinson was appointed head, Department of Agricultural Economics and Rural Sociology, Clemson University, where he was responsible for the leadership and administration of the College of Agriculture's teaching, research, and extension programs in agricultural economics and rural sociology.

Robinson has served as chairman of the Southern Public Affairs Committee, chairman of the National Public Policy Education Committee, president-elect of the Clemson University Faculty Senate, and chairman of the Planning Committee for the 1981 American Agricultural Economics Association summer meeting. He is a member of American

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Agricultural Economics Association, Southern Agricultural Economics Association, American Society of Farm Managers and Rural Appraisers, Council for Agricultural Science and Technology, and American Association for the Advancement of Science. He was a Kellogg Fellow in 1964, listed in Outstanding Young Men of America in 1969, and appointed by former Secretary of Agriculture John Block to a 4-year term on the National Costs of Production Review Board in 1983. He has served as a consultant to the Congressional Research Service, the South Carolina Department of Labor, and most recently to ERS during its annual planning meetings.

## ERS Celebrates Silver Anniversary

ERS recently celebrated the 25th anniversary of its establishment on April 3, 1961, with an open house in Administrator John Lee's office. ERS's 26 program branches provided cakes--one for each year, 1961-1986. About 500 employees attended.

Special guests included Orville Freeman (who was Secretary of Agriculture when ERS was established), Deputy Assistant Secretary for Economics Ewen Wilson, former Assistant Secretary for Economics William Lesher, Statistical Reporting Service Administrator William Kibler, World Agricultural Outlook Board Chairman James Donald, Agricultural Cooperative Service Administrator Randall

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Torgerson, and Cooperative State Research Service Administrator Patrick Jordan. Wilson reviewed the history of ERS and its predecessor agency, the Bureau of Agricultural Economics, and Freeman spoke about the creation of ERS.

ERS was established to bring together the economic research and service work that had been assigned to Agricultural Marketing Service, Agricultural Research Service, and Foreign Agricultural Service when the Bureau of Agricultural Economics (BAE) was abolished in 1953.

BAE was established in 1922 under the leadership of Henry C. Taylor, sometimes called "the father of agricultural economics." BAE had 2,000 staff members and included many of the functions now performed by the Agricultural Marketing Service, Foreign Agricultural Service, Statistical Reporting Service, and Agricultural Cooperative Service.

When BAE was reestablished as the Economic Research Service, it had 1,000 staff members and fewer responsibilities than the original BAE. ERS's programs, according to its first administrator, Nathan Koffsky, were "directed toward finding answers to current and emerging problems of agricultural production, marketing, and distribution."

## Alumni Notes

**J.B. Penn** is president and chief executive officer of Economic Perspectives, Inc. (EPI) . . . **William Motes** is vice-president of EPI . . . **Stephen Gabriel** and **Paul Prentice** are general partners of the Farm Sector Economics Associates . . . **Kenneth Farrell** is director of the National Center for Food and Agricultural Policy, Resources for the Future . . . **Edward Jesse** is professor of agricultural economics at the University of Wisconsin . . . **William Boehm** is director of economic research at Kroger Foods . . . **George Hoffman** is director of commodity analysis at Pillsbury Co. . . . and **Reese Cooper**, at age 99, is ERS's oldest living alumnus.



ERS staff and guests at open house to celebrate ERS's silver anniversary. (Photos by Elizabeth Jenny)

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## Administrator's Letter—Planning and Priorities

Planning and redirection are continuous processes in ERS. The tempo of those activities pick up in the winter and spring as we review our priorities for the coming fiscal years in a time frame designed to fit the budget cycles. For example, by early June, while still working our way through the FY 1986 program, we will have made broad program redirection decisions and allocated resources to divisions for development of their detailed workplans for FY 1987. At the same time, we will have developed our budget submissions for FY 1988 for consideration at the department level. After hearings at the department level in August, our proposals are submitted to the Office of Management and Budget in September, after which they eventually become a part of the President's budget submission to the Congress in January.

For FY 1987, ERS faces a budget similar to that for FY 1986 but with a slight reduction in staff-year ceiling. In view of the issues facing agriculture and rural America, and with real constraints on resources, it is more important than ever that we sort out the most important things to be doing and do them well. In this setting, several "musts" emerge as program emphases over the next 2-5 years.

- *Refocus the situation and outlook program and make it a standard for the world.* To do that, we have to clarify and differentiate our product; improve the attributes of our situation and outlook products to make them more effective; refocus efforts and clarify priorities within the situation and outlook program; improve support to situation and outlook staff; take more aggressive steps to improve linkages with our clientele; clarify the role of the ERS situation and outlook program *vis-a-vis* other USDA agencies; and review the organization and management of the situation and outlook program to improve effectiveness.

- *Enhance the usefulness of ERS information and expertise by building a highly effective staff work delivery system.* This includes establishing accountability and leadership for staff work delivery; improving the linkage with the Office of the Secretary; improving staff work tracking, monitoring, and feedback; enhancing staff work capacity of the staff via feedback and constructive learning experiences; improving the staff work linkage to the research and situation and outlook base; and improving the image of staff work among ERS staff via the reward and feedback system.

- *Exploit our unique research opportunity with a hardhitting, standard-setting program on the economics of public policy.* I have touched on this issue in previous newsletters and will expand on my ideas in this area in the future.

- *Build and exploit a first-rate information/data management and dissemination system.* This includes having an operational agencywide data base; developing experience with in-house accessing of data and information and gradually improving public access; improving the use and effectiveness of electronic dissemination and situation and outlook information; and improving internal integration of word and data processing and accessing of information for networking, graphics, and complete manuscript production.

- *Be a responsible leader and citizen for the agricultural research community.* This too will be the subject of discussion in a future newsletter. Suffice it to say that ERS has a vested interest in the strength of the professions we draw on and has the responsibility and opportunity to benefit from improved linkages with the broader research community.

Those and other program emphases will be the subject of discussions with the ERS staff and with those outside ERS having an interest in our program and product.

A handwritten signature in black ink that reads "John Lee". The signature is fluid and cursive, with a large, stylized "J" at the beginning.

## Roberts Coordinates Conference

ERS economist Tanya Roberts (786-1787) is coordinating a Career Development Conference that will address the career planning and development needs of agricultural economists from graduate students to experienced professionals.

The conference features general sessions on "The Job Market" and "Publishing Research Findings" and the following workshops:

- Building Support in the Workplace: Conflict, Competition, and Cooperation
- Longrun Career Planning and Flexibility
- Professional Activities that Enhance Career Advancement

- Getting a Job: Resumes and Interviewing
- Time Management: The Scarcest Skill
- Acquiring Outside Funding for Research
- Publishing Strategies
- Elements of an Effective Presentation

General session speakers are Nicole Ballenger, Karen Bunch, Elizabeth Clayton, Richard Farnsworth, Gregory Hanson, James Hildreth, James Houck, Eugene Jones, John Miranowski, Margo Ogas, and Anne Peck. Wallace Huffman will speak on "The Supply of and Demand for Agricultural Economists" at a luncheon for all participants.

Workshop leaders are Nancy Bockstael, Kenneth Casavant, John Connor, Sam Cordes, Neil Harl, Darrell Hueth, Jean Kinsey, Sylvia Lane, Linda Lee, Sally Lemaire, Edna Loehman, Susan Offutt, Leo Polopolus, Katherine Reichelderfer, and Lyle Schertz.

The conference will take place on July 27 in Reno, the day preceding the annual meeting there of the American Agricultural Economics Association (AAEA). The Career Development Conference is sponsored by AAEA's Committee on Women in Agricultural Economics and is open to all AAEA meeting participants, men and women.

## Staff Views on Staff Analysis

As part of a review of ERS staff work, 30 ERS economists were surveyed and asked to agree or disagree with statements regarding the management, content, quality, and quantity of

staff work done by ERS. Here's what most thought:

- staff analysis can make a difference in policy decisions;
- staff analysis is less rewarding than long-term research;
- although staff analysis assignments usually come with tight deadlines, few instructions, and are unpredictable intrusions into research time, ERS is not called on too often to do staff work;
- staff analysis is compatible with long-term research; and
- ERS's staff analysis draws on the expertise developed in research and outlook work.

For additional information, contact ERS economist Keith Collins (786-1880).

## USDA's Outlook Program Video Available

A new 23-minute video titled "Today and Tomorrow" provides an overview of USDA's outlook program from its beginning in the 1920's under the leadership of Henry Taylor, to the current comprehensive program of research and analysis. The video was prepared by David Carter of USDA's Economics Management Staff. For information regarding its availability, call Carter on 786-1494.

## Current Research

### Effects of Embargoes Studied

ERS is conducting a study mandated by Congress "to determine the losses suffered by U.S. farm producers during the last decade as a result of embargoes and the failure to offer for sale in world markets commodities surplus to domestic needs at competitive prices."

A team of ERS and university researchers, led by ERS division directors Kenneth Clayton and Kelley White and Alexander McCalla (University of California) has been assembled

to carry out the study. For additional information, contact ERS economist William Kost (786-1630).

### Wheat Trade Being Studied

ERS economists Velmar Davis (786-1699) and Jerry Sharples are coordinating a study of wheat trade as part of a larger study on the competitiveness of U.S. agriculture (see ERS, Vol. 3, No. 4). The study will cover concepts; measures of competitiveness; historical data on wheat production and trade; factors affecting wheat exports of the United States, France, Argentina, Canada, and Australia; costs of production and marketing; wheat varieties and production and marketing technologies; factors affecting wheat imports of the U.S.S.R., Eastern Europe, China, Egypt, and North Africa; patterns and trends of net revealed competitive advantage; the relationship between world wheat prices and cropland values; the role of ocean transportation in world wheat trade; and the linkages of macroeconomic policy and the macroeconomy to wheat trade.

### Price Elasticity of Export Demand

Little consensus exists on the magnitude of export price elasticities for U.S. wheat, coarse grains, soybeans, rice, or cotton, according to ERS economists Walter Gardiner (786-1635) and Praveen Dixit who reviewed 50 elasticity studies.

The export price elasticities for the various commodities ranged from very inelastic to very elastic in both the short run and the long run. The variation primarily results from differences in methodology, assumptions, and time periods of analysis.

### Research Boosts Brazilian Agriculture

The payoff from agricultural research, a major force in the history of U.S. agriculture, is now evident in Brazil. Katherine Reichelderfer, Associate Director, Natural Resource Economics Division, saw the evidence on a recent trip there under the Scientific and

Technical Exchange Program of USDA's Office of International Cooperation and Development.

The organization of agricultural research in Brazil differs from ours, however. The Brazilian research agency, EMBRAPA (Empresa Brasileira de Pesquisa Agropecuária), is like a combination of ERS and USDA's Agricultural Research Service with responsibilities for both economic and biological research. Here are some EMBRAPA accomplishments:

- Development of commercial quality, highly palatable bread doughs made from cassava, soybean, and corn flours mixed with wheat, to reduce Brazil's dependence on imported wheat.
- Initiation of a new, large-scale national program on "alternative agriculture."
- Use of Rhizobium inoculum (a nitrogen-fixing bacterium) on soybeans, which produces yields equivalent to those using fertilizer but at a fraction of the cost (about \$3 per acre versus \$60 per acre).
- Development of irrigation and soil treatment systems, which are accelerating the rate of agricultural development in the vast Cerrado region.

While in Brazil, Reichelderfer addressed the Congress of Entomology on economic aspects of crop pest control and obtained data for ERS research on the manufacture, use, trade, and policies relating to purchased inputs in Brazilian agriculture.

### State Milk Regulation Examined

State resale price regulation raises marketing costs and margins rather than stabilizing retail milk prices, according to ERS economists Richard Fallert (786-1823) and Lynn Sleight and David Baumer (North Carolina State University). Given improved transportability and the changing comparative advantage in milk production among States, the more restrictive forms of State milk regulation—resale price regulation and territorial licensing—with probably continue to decline. Deregulation would not result in destructive competition or chaotic market conditions; consumers would continue to be adequately supplied with milk.

## Marketing Margins Measured

Cooperative research by Conrado Gempesaw (University of Delaware) and ERS economist Gary Reisner (786-1866) is focusing on the development of an agricultural sector model that will link agricultural production to the marketing sector in a theoretically consistent manner.

The model, with regional characteristics, is being developed because of a realization that the inflation of the 1970's and the recession of the 1980's have led to several important changes in the structure, conduct, and performance of the U.S. food industries.

Unbalanced economic development across the country has created regions of relatively high economic growth. In some regions, that growth has combined with regional specific technologies, such as irrigation in the West, to foster different or enhanced regional economic opportunities.

Labor movements, responding to changing growth patterns, have affected regional composition and distribution of population. Those demographic changes have led to substantial variations in effective demand across regions. Finally, changes brought about by highly variable input prices or reduced availability have affected food production and distribution decisions.

When fully implemented, the model will incorporate regional characteristics, relative prices, and output levels to define the technology of the agricultural production, marketing, and retail sectors of the food system. In a simulation mode, the model will be used to assess the regional impacts of selected policy scenarios and to assess how the different sectors respond to policy and price changes.

## Ground Water Mining Brings Uneven Changes to Agriculture

An upcoming report by ERS economists Gordon Sloggett and Clifford Dickason (786-1412) sheds light on the extent and varying effects of ground water mining in the Southwest and Great Plains. Ground water levels are declining by half a foot or more each year under more than 14 million of the 31

million acres now irrigated with ground water (another 20 million acres use surface water).

Over one-fifth of the harvested acreage of cotton in the United States is grown in areas where ground water levels are declining, as is 16 percent of the grain sorghum acreage, 13 percent of the rice acreage, 33 percent of the grape acreage, and 15 percent of the citrus acreage.

Although ground water depletion and the accompanying rise in pumping costs explain most of the 2-million-acre drop in irrigated acres in the Texas High Plains since the mid-1970's, the continued availability of ground water supplies elsewhere actually resulted in a 2-million-acre increase in total U.S. acres irrigated with ground water between 1977 and 1983.

Lower commodity prices may do more to spur adoption of water-saving irrigation practices and shifts to lower water-using crops than the rise in pumping costs. Still, the severity of the problem has spawned legislation in six States to reduce, if not prohibit, additional irrigation development in areas where ground water levels are declining.

## Swampbuster Penalties Examined

ERS economists Ralph Heimlich (786-1419) and Linda Langner indicate that the swampbuster provision in the Food Security Act of 1985, which denies farm program benefits to farmers who clear and drain wetlands for agricultural uses, could deter substantial conversion of the Nation's remaining wetlands. About 12 million wetland acres were converted to farming between the mid-1950's and the mid-1970's. Some 78 million acres of non-Federal wetlands remained in 1982, of which 43 million, if converted to agriculture, would be productive. More than half of the 43 million productive acres would probably go into soybeans.

But high conversion costs make profitability of swamplibusting another matter. Loss of deficiency payments, which otherwise would help defray those costs, should discourage conversion, as long as market prices remain below support prices. However, income tax deductions for land improvement could offset

the intended effects of swampbuster sanctions, especially if farmers have substantial nonfarm income to shelter.

## Personnel Notes

### Christensen at State

ERS economist Cheryl Christensen is on a 3-month detail to the Economic Policy Staff, African Bureau, Department of State. The assignment has been undertaken as part of the Senior Executive Service Candidate Development Program.

Christensen's main focus will be on implementing *Food for Progress*, a new food aid program created by the Food Security Act of 1985.

### Bunch at NAS

ERS economist Karen Bunch is on a 5-month detail to the National Academy of Sciences (NAS) as staff associate to the Committee on Technological and Policy Options to Improve the Nutritional Attributes of Animal Products. The committee's work is funded by USDA, the U.S. Department of Health and Human Services, industry associations, and private foundations. The committee is charged with determining the role of animal products in diet and health and making recommendations for policy and technological changes that will improve the contribution of animal products to human nutrition.

Bunch is focusing on determining the consumption trends for animal products and comparing consumption data from various sources. She is also assisting in planning meetings and coordinating the work of consultants, including a contract with ERS to develop a new retail conversion factor for beef.

### Young Named Section Leader

Edwin Young has been named Leader, Conservation Implementation Section, Soil Conservation Economics Branch, Natural Resource Economics Division (NRED). Young joined NRED in 1974, and was stationed at Pennsylvania State University where he did research on the economics of applying municipal wastewater to farmland. In 1981, he became project leader for economic evaluations of Northeast projects under the Rural Clean Water Program. Since moving to Washington in 1985, he has led research in NRED's Externalities Group to estimate the benefits of reducing onfarm and offsite damages from soil erosion.

Young's research has earned him two ERS Administrator's Special Merit Awards. He is a member of the USDA Task Force on Nonpoint Sources of Water Pollution and has published widely on water quality and soil erosion issues. He has a Ph.D. in economics from North Carolina State University.

### ERS Deputy Administrator Retires

Melvin Cotner retired in April after more than 33 years of Federal Government service.

Cotner was ERS's Deputy Administrator for Planning and Organizational Relations. He worked with national and regional research groups, including State experiment station directors, to strengthen cooperative relationships among them and ERS and to improve joint research planning with other USDA units.

Before becoming Deputy Administrator in 1983, Cotner was director of ERS's Natural Resource Economics Division (NRED).

Cotner began his Federal Government service with the U.S. Army during the Korean conflict after graduating from Kansas State



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University. His career with USDA started at Kansas State University in 1955, following completion of an M.S. degree in agricultural economics. His research assignments included projects at the University of Arizona and Michigan State University, where he received a Ph.D. in agricultural economics.

Cotner took over the ERS leadership of USDA river basin projects in the Midwest in 1963, and transferred to Washington in 1966 to become NRED director. He also served on numerous interagency committees concerned with water and land resources and authored more than 75 publications on economic aspects of natural resources.

He received two Administrator's Special Merit Awards for his work on the evaluation of soil and water resource development programs and for equal employment opportunity activities.

### *Reed Eugene Friend (1931-1986)*

ERS economist Reed Friend died April 13 of cancer. His entire professional career was with USDA, beginning in 1960 with USDA's Agricultural Marketing Service, and then switching to ERS when it was established in 1961.

He began at USDA as a labor economist. He moved into the international economics area in 1966, where he worked until his death. Friend served in many leadership positions, including leader, Demand and Competition Section, Europe and Soviet Union Branch; acting chief, Far East Branch; leader, Developed Countries

Program Area; and, until his death, chief, Western Europe Branch, International Economics Division.

Friend had B.S. and Ph.D. degrees from the University of Maryland and an M.S. degree from Kansas State University. He authored numerous publications, received the USDA Merit Award, the USDA Office of International Cooperation and Development Administrator's Special Honor Award, and the ERS Administrator's Special Merit Award. He was a member of American Agricultural Economics Association and International Association of Agricultural Economists.

### *Francis A. Kutish (1915-1986)*

Former USDA staff economist Francis Kutish died March 5 of a heart attack. From 1974 to the day he died, Kutish worked on the staff of Representative Neal Smith of Iowa. From 1965 to 1974, he was a staff economist in the Office of the Secretary of Agriculture.

Kutish also worked for the U.S. Agency for International Development in El Salvador from 1963 to 1965, and was professor at Iowa State University from 1953 to 1963.

Kutish held B.S. and M.S. degrees from Iowa State University. He authored numerous publications, received the USDA Merit Award and USDA Distinguished Service Award, was a member of American Agricultural Economics Association, International Association of Agricultural Economists, Sigma Delta Chi, and was listed in *Who's Who in America*.

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